

International Updates

Botswana Lays the Foundation for a Social Security System

Botswana is a landlocked country in Southern Africa. In 1997, its population was 1.5 million and generally young: Persons aged 0- 14 accounted for 42 percent of the population, while persons aged 65 or older comprised only 4 percent.

Approximately 80 percent of its population lives in rural areas, and 75 percent of Botswana's land area is desert. About 71 percent of the land is "tribal" protected and allocated to prevent over-grazing, maintain small farms, and foster commercial ranching. While such agricultural activities provide a livelihood for more than 80 percent of the population, they account for only 4 percent of the Gross Domestic Product (GDP). Substantial mineral deposits, notably diamonds, were found in the 1970s; the mining sector grew to 33 percent of GDP in 1995 and provides a substantial part of total government revenues. In March 1994, the 321,200 citizens engaged in mining and other formal employment had average earnings of 807 pula (about US\$220) per month.

The Pension Scheme

The only persons receiving old-age coverage in Botswana until recently were government workers-public servants covered under the country's *Public Service Pension Scheme*. In October 1996, however, Botswana established a new universal old-age pension scheme, which became operational immediately, covering all citizens aged 65 or older. The new scheme is not means tested, and provides flat rate pensions of 100 pula (about US\$30) per month, with the government paying the entire cost.

Botswana's Coordinator of Social Security issued a briefing paper, "Old Age Pension Scheme Briefing Notes," in which "industrialization with its social changes" is cited as being the primary reason for the country's new pension scheme. It points out that work activities are now being performed in larger, interdependent groups, preventing the family unit from realizing self-sufficiency. Elderly citizens who, in most instances, are no longer working, often must use the new pension to meet their most basic needs.

Historically, many countries have developed their social security systems gradually. The first step is often a basic benefit, offered in the same or similar amounts to most or all citizens. Later, additional benefits (often linked to past earnings and contributions) are added as another tier of income support. Botswana's new program may be seen as the initial stage of this common process.

Outreach and Implementation

Government scheme officials had instituted a program of public education about the new system even before its inception in October 1996. As a team, representatives from several of the ministries conducted intensive public awareness campaigns throughout the country. They held workshops and seminars to apprise citizens about the scheme and addressed meetings at many village centers. By special invitation, the team also briefed the House of Chiefs about the new plan. The House of Chiefs consists of eight tribal chiefs and four other (elected) members whose job is to advise the government.

Botswana put in place mechanisms that it believed would effectively reach eligible persons. It effected a sort of umbrella technique that enlisted individuals from many different branches and levels of government to administer the program, make the payments, and verify eligibility for payments, both in terms of age and of citizenship.

An Old Age Pensions Project Committee was formed to address technical issues related to the payment of the pensions. District and Village Committees were instituted to resolve issues that arise in the field. The Accountant General was responsible for data capture and the reconciliation of special accounts, with a dedicated unit set up for this purpose. At present, Botswana uses a modified payroll computer system to maintain pension records and generate payment lists. Due to time constraints, the system was implemented without first performing a detailed requirements analysis.

Government officials reported that the scheme was gradually assuming a permanent status, and that they were therefore creating a large number of additional positions for Paying Officers and drivers. It is devising plans to provide extra office space to accommodate the increasing number of pension

staffers, and it has publicly expressed its appreciation to the Central Transport Organization for its contribution to the scheme's success.

An Interministerial Old Age Pension Scheme Working Committee, chaired by the Coordinator of the Old Age Pension Scheme, administers the new plan and refers matters for decision or approval to a Pension Scheme Interministerial Coordinating Committee. Pensioners may elect to receive their payments at Post Offices or Revenue Offices, in cash; at banks, which credit pensioners' personal accounts; or by checks, sent to pensioners monthly. In locations where there are no Post Offices, payments are made in monthly visits by Paying Officers from the District Commissioners' offices.

Problems in the Scheme

Botswana's Universal Old Age Pension has now been in operation for well over 12 months. The scheme is now being re-evaluated. Although Botswana is well satisfied with it in theory, in practice some difficult problems have arisen. According to the government, these were caused by the haste with which it implemented the program.

These several specific problems inherent in the present delivery of Pension Scheme services:

- Mistakes made by the National Registration Office have permitted falsification of eligibility by some individuals, while other mistakes by the same office have made others ineligible.
- Due to problems in the data base used to capture the names of persons aged 65 or older, the Old Age Scheme register is inundated with names of persons who qualify but have never come forward to collect their pension. It is assumed that the majority are deceased, but if so their deaths were never reported.
- Some pensioners know little or nothing about their date of birth; lenient provisions for this situation have, in turn, caused friction with others who correctly identified their birth dates and feel that their honesty disadvantaged them.
- Some pensioners living in outlying areas arranged for other persons to accept the payments on their behalf, but it is not clear if these are being passed on to the proper individuals.
- Paying Officers sometimes need to travel long distances, for up to 2 days, to deliver checks to only one or two persons.
- Arrears are caused by pensioners who do not collect their pensions on the scheduled dates or by Paying Officers not honoring delivery on the scheduled pay days.

Additionally, the government reports receiving constant demands for extra facilities and changes in procedures to improve delivery of services to pensioners.

Requirements Analysis Study

Because of these problems, the Botswana Ministry of Local Government, Lands and Housing, commissioned a broad study titled, "Requirements Analysis for the Old Age Pension System," encompassing all elements necessary for administering an efficient pensioner registration and payment system. It commenced January 26, 1998, under the auspices of Ernst & Young Consultants.

Botswana requested a comprehensive requirements analysis and recommendation of solutions to the problems observed. The consultants are to review the existing pension system and to identify shortcomings in its organization, procedures, and computer systems; to identify what would be needed to revise the existing pensions payment system; and to identify future requirements. They are then to estimate the time and cost of their proposed revisions. Further, the consultants are to identify potential security risks in pension payment and recommend preventative measures. An important stipulation is that the revised procedures, policies, and regulations be cost effective and at the same time practical for the Botswana environment.

Notwithstanding the above concerns, Botswana still believes that the original scheme is basically appropriate to its overall needs and that it will continue regardless of the revisions to be made.

—Corrinne Lennox